

MINUTES
AQUILA-CITY COUNCIL MEETING
RE: FRANCHISE AGREEMENT CHANGE
MONDAY, DECEMBER 3, 2007
COUNTY/CITY BUILDING
ROOM 113

Members Present: Dan Marvin, Chair; Robin Eschliman, Vice-Chair; Jon Camp; Doug Emery; and Ken Svoboda.

Members Absent: Jonathan Cook and John Spatz

Others Present: Don Nordell, Operations Manager, Aquila; Alan Hirsch, Aquila; Deena Winters, Lincoln Journal Star, Kyle Fisher, Lincoln Chamber of Commerce, Mary Meyer, Staff and other interested parties.

Franchise Transfer Approval Application Don Nordell (Attachment)

Aquila and Great Plains Energy Shareholders have approved the sale along with Nebraska Public Service Commission, Iowa Utilities Board and the Federal Energy Regulatory Commission of Aquila electric operations to Black Hills Corporation of Rapid City, South Dakota. Approval in other states will be completed by the first quarter of 2008.

In the Lincoln franchise some steps need to be completed in the event of transfer of ownership or control. It is stated the franchise and the rights granted under this franchise shall not be sold, leased, assigned, or disposed of or transferred in whole or in part to the sale, merger, consolidation or transfer to any other person or corporation without the consent or approval of the City, which shall not be unreasonably withheld. The City's consent and approval will be based on whether the proposed transfer of ownership or control is in the public interest. For the purpose of determining whether the City shall consent to transfer of ownership or control, the City may inquire into the qualifications of the perspective purchaser, transferee or assignee and the grantee shall assist the City in obtaining information for this inquiry. This is similar to the approval which must come from the Nebraska Public Service Commission.

Some factors considered by the Nebraska Public Service Commission which concluded with an approval order were:

- They considered the management workforce
- Local commitments in the community
- Impact on service and rates
- Investment plan of long-term ownership
- Stability

The Commission found after review that all requirements were satisfied. Black

Hills has demonstrated to the satisfaction of the Commission that Black Hills acquisition of Aquila will not bring an adverse impact on ratepayers and it is consistent with the public interest.

A letter of consent has been filed with the City of Lincoln as far as the application to transfer ownership and they are asking for the City Council's consent or approval of that transfer of ownership.

Questions and Answers

Marvin inquired to the process to accept the franchise change? Roper stated there needs to be a resolution by the City Council to approve the transfer and the Mayor would then execute the agreement. He will prepare a resolution and place it on the agenda if Council wants.

Marvin asked about what rates users would see as a change when Black Hills Power takes over. Nordell replied there would not be much change, service rates won't be adversely effected, and there may not even be a name change. Local operation will stay in tact, commitment to training will remain. The call center is very stable.

Emery commented it seems the change will be fairly seamless but also what will Black Hills' commitment be in the community? Nordell stated it would be as good if not better than now. The company's employees are committed to organizations throughout the City.

Camp asked if there may be an increase in employees. Nordell answered there are central services in Kansas City now, and they are looking at where to put some of those employees in the new organization. Overall, Nebraska will have more employees.

Marvin asked if Council completed in January, how does the timeline look? Nordell replied they did want it worked out by the end of year, but however it works in the schedule will probably be fine with a January vote.

Chairman Marvin thanked Mr. Nordell and Mr. Hirsch and adjourned the meeting.